

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 NEA-10 AID-05 CIAE-00 COME-00 EB-08
FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03
SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 STR-04 PA-01
PRS-01 CU-02 BIB-01 /075 W
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R 310900Z JAN 77
FM AMCONSUL TURIN
TO SECSTATE WASHDC 0668
INFO AMEMBASSY ROME
AMCONSUL FLORENCE
AMCONSUL GENOA
AMCONSUL MILAN
AMCONSUL NAPLES
AMCONSUL PALERMO
AMCONSUL TRIESTE

C O N F I D E N T I A L SECTION 1 OF 2 TURIN 0046

ROME PLEASE POUCH AMCONSULS GENOA AND TRIESTE

E.O. 11652: GDS
TAGS: PINT, PFOR, SCUL, EIND, IT, LY
SUBJECT: FIAT, LIBYA AND FUTURE OF LA STAMPA NEWSPAPER

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1. SUMMARY. CONTINUED, FUTURE 100 PERCENT CONTROL BY FIAT
OF LEADING TURIN AND NATIONAL DAILY PAPER, LA STAMPA, IS
QUESTION FOR LIVELY PUBLIC AND PRIAVTE DISCUSSION IN TURIN,
PARTICULARLY FOLLOWING EARLY DECEMBER BOMBSHELL ANNOUNCEMENT
OF FIAT-LIBYAN DEAL UNDER WHICH LIBYA BECOMES PART OWNER OF
FIAT. CONTINUED EDITORIAL FREEDOM AT LA STAMPA SEEMS ASSURED,
DESPITE NEW, FOREIGN MINORITY SHAREHOLDER. FIAT PRESIDENT
AGNELLI AND LIBYANS HAVE STRESSED NEED FOR FIRMS UNDER FIAT
UMBRELLA TO MAKE PROFIT AND LA STAMPA IS UNDER CONSIDERABLE
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PRESSURE TO REVERSE LARGE DEFICIT POSITION RECORDED AT END OF
1976. NEW, TOUGH AND EXPERIENCED GENERAL MANAGER INSERTED
BY FIAT AT LA STAMPA - TO TURN PROFIT CORNER BY END OF 1977
AND THUS SATISFY PRESENT OWNERS(S), OR AS IS SPECULATED
WIDELY IN PRIAVATE, PREPARE LA STAMPA FOR SALE TO NEW OWNER SUCH
AS RIZZOLI, CARACCILO OR FIGURE FRONTING FOR AGNELLI GIVEN
PROBABLE FIAT/AGNELLI DESIRE NOT TO LOSE CONTROL OVER THIS

LEADING ITALIAN DAILY. END SUMMARY.

2. FIAT DEAL WITH LIBYA HAS FOCUSED GREATER ATTENTION ON EDITORIAL INDEPENDENCE OF LEADING TURIN DAILY, LA STAMPA (CIRC. 450,000), AND FINANCIAL HEALTH OF THIS WELL-KNOWN PUBLISHING ENTERPRISE, "SOCIETA' EDITRICE LA STAMPA," WHICH IS 100 PERCENT OWNED BY FIAT. WITH LA STAMPA COMPANY ENDING 1976 ABOUT 7 BILLION LIRE (8.23 MILLION DOLS) IN THE RED, FIAT PRESIDENT AGNELLI AND NEW LIBYAN PARTNERS HAVE BOTH PUBLICLY NOTED GENERAL NEED FOR THIS BUSINESS CONCERN TO TURN IN PROFIT OR OWNERS SHOULD CONSIDER CUTTING THEIR LOSSES AND ABANDON FIRM. BY BUYING LA STAMPA'S HEADQUARTERS BUILDING IN DECEMBER 1976 (REFTEL), FIAT SAYS IT WAS ABLE TO COVER PAPER'S 1976 LOSSES. AGNELLI HAS WARNED, HOWEVER, THAT LA STAMPA MUST TURN IN MUCH BETTER PERFORMANCE IN 1977 OR FIAT MIGHT HAVE TO WITHDRAW ITS SUPPORT.

3. IN MORE RECENT MOVE, FIAT ON JAN 11 REPLACED LA STAMPA MANAGING DIRECTOR CARLO MASSERONI (WHO MOVES ONTO LA STAMPA BOARD) WITH HIGHLY REGARDED, 49-YEAR OLD UMBERTO CUTTICA, FORMERLY WITH COGNE AND THEN WITH FIAT IN 1968 AS PERSONNEL DIRECTOR AND MOST RECENTLY MANAGING DIRECTOR OF IAGGIO IN GENOA. WHILE FIAT NEEDED VACANCY AT PIAGGIO FOR OTHER POST-CARLO DE BENEDETTI PERSONNEL RESTRUCTURING IN FIAT/LANCIA/PIAGGIO AFTER DE BENEDETTI'S SURPRISE DEPARTURE FROM FIAT LAST FALL, MAJOR REASON FOR INSERTING CUTTICA INTO LA STAMPA IS TO UPGRADE PAPER'S MANAGEMENT.

4. AND WHAT OF THE FUTURE?

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A. LA STAMPA PRESIDENT GIOVANNI GIOVANNINI EMPHASIZED TO BPAO JAN 17 HIS BELIEF WITH REFERENCE TO LIBYAN-FIAT DEAL THAT ANYONE WITHOUT 51 PERCENT OWNERSHIP WOULD HAVE NO EFFECTIVE CONTROL OVER LA STAMPA. HE SAID THAT IN ANY CONFLICT WITH LIBYANS, AGNELLI OUDL SIDE WITH "THE FREEDOM OF LA STAMPA'S EDITORIAL POLICY." AS FOR BUSINESS SIE OF LA STAMPA, GIOVANNINI EXPRESSED MORE CONCERN OVER GOI ROLE IN COVERING ITALIAN PRESS DEFICITS AND GOI DECISION NOT TO ALLOW NEWSPAPERS TO REFLECT TRUE MARKET PRICES. (GIOVANNINI, WHO HAD REPLACED AGNELLI AS LA STAMPA PRESIDENT, IS ALSO PRESIDENT OF ITALIAN FEDERATION OF EDITORS AND JOURNALISTS; UPON ANNOUNCEMENT OF CUTTICA APPOINTMENT, WHICH ALSO MEANS HE WILL TAKE OVER SOME OF GIOVANNINI'S DAY-TO-DAY MANAGEMENT FUNCTION, GIOVANNINI REPORTEDLY WELCOMED MOVE, STRESSING NEED FOR MANAGER OF CUTTICA'S EXPERIENCE WORKING FULL-TIME AT LA STAMPA "DURING THIS DIFFICULT PERIOD.")

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R 310900Z JAN 77
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B. LA STAMPA EDITOR ARRIGO LEVI, IN CONVERSATION WITH
BPAO JAN 19, EXPRESSED LESS CONCERN THAN DID GIOVANNINI ABOUT
GOI ROLE AND EDITORIAL FREEDOM, BUT LEVI WAS MORE CIRCUMSPECT
ON ROLE OF LIBYA WHICH HE SAID WAS FIRST FOREIGN STATE TO OWN
PORTION OF A MAJOR NEWSPAPER. HE SAW NO DIFFICULTIES ON
SURFACE, BUT RECOGNIZED SITUATION FOR WHICH THERE IS NO PRECEDENT.
LEVI EMPHASIZED AGNELLI WOULD SUGGEST TO LIBYANS THAT THEY
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SELL THEIR SHARES RATHER THAN PERMIT A DISPROPORTIONATE

INFLUENCE ON LA STAMPA EDITORIAL POLICY. LEVI ADDED THAT AGNELLI HAD TOLD HIM THAT GOI WOULD NEVER PERMIT SIGNIFICANT INCREASE IN LIBYAN OWNERSHIP OF FIAT AD WOULD NATIONALIZE THE AUTO COMPANY FIRST. LEVI WAS OPTIMISTIC ON RESOLUTION OF LA STAMPA'S FINANCIAL PROBLEMS "IN NEXT TWO YEARS," GIVEN PROPOSED TECHNOLOGICAL INNOVATIONS (WHICH LEVI HAD TOLD US LAST SUMMER WOULD MEAN CONSIDERABLE REZ XIAMCAMOZDBJIFDMNNEL), POSSIBLE CHANGES IN MONDAY EDITION AND GOI SUBSIDIES (HE PUT NATIONWIDE TOTAL AT 30 BILLION LIE, WITH TWO BILLION FOR LA STAMPA).

C. TWO TOP-LEVEL UNIONE INDUSTRIALE LEADERS, IN RESPONSE TO MY PROBING, SAID LA STAMPA WOULD MORE THAN LIKELY BE SOLD BEFORE END OF THE YEAR. CUTTICA, WITH HIS LENGTHY EXPERIENCE IN DIFFICULT FIAT LABOR NEGOTIATIONS DURING LATE 60'S, WAS "IDEAL" PERSON TO ATTACK LA STAMPA'S MANY LABOR PROBLEMS PARTICULARLY SINCE AGREEMENT OF NBUWDIEVVT LLABOR UNIONS AT LA STAMPA WILL BE REQUIRED FOR TECHNICAL (MONEY- SAVING) INNOVATIONS. THESE TWO WELL-CONNECTED BUSINESSMEN SPECULATED THAT MILAN MEDIA CZAR RIZZOLI OR POSSIBLY CARLO DE BENEDETTI WOULD BE EVENTUAL PURCHASER, PROBABLY QUIETLY THROUGH SWISS FINANCIAL HOUSE.

D. REACTION OF ONE OF LA STAMPA'S LEADING ECONOMIC WRITERS TO ABOVE WAS MORE CATEGORIC: PURCHASER, WHOMEVER HE MIGHT BE, ALREADY HAS OPTION TO BUY LA STAMPA AND CUTTICA HAS BEEN BROUGHT IN TO PUT PAPER /JANUMNOMDFIAL HOUSE IN ORDER PRIOR TO SALE. SOURCE DID NOT BELIEVE THAT AGNELLI WOULD TOTALLY DIVORCE HIMSELF FROM LA STAMPA AND WOULD PERHAPS KEEP 51 PERCENT OUTRIGHT OR SOME MEASURE OF CONTROL THROUGH FRIENDLY BUYER. (AS NOTED REFTEL, HOWEVER, AGNELLI HAS ALSO PUBLICLY STATED HIS BELIEF THAT IS "INAPPROPRIATE FOR AN INDUSTRIAL COMPLEX TO CONTROL NEWSPAPERS.") SOURCE, WHO IS CLOSE TO TOP MANAGEMENT OF PAPER, SPECULATED BUYER WOULD BE RIZZOLI OR ROME MEDIA ENTREPRENEUR AND JOURNALIST CARLO VEX YUAIMEJO (WHO ALSO HAPPENS TO BE GIANNI AGNELLI'S BROTHER-CONFIDENTIAL

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IN-LAW). SOURCE DISCOUNTED DE BENEDETTI ENTIRELY, ADDING HE HAD ASKED HIM DIRECTLY AND DE BENEDETTI REPLIED THAT HE WOULDN'T BUY SUCH A MONEY-LOSING CONCERN. FINALLY, SOURCE SAID AGNELLI WOULD CONTINUE TO ALLOW LEVI FULL EDITORIAL FREEDOM AND THAT LEVI WAS NOW EVEN MORE ASSURED OF HIS POSITION AS BELOW HIM IN LA STAMPA, IN SOURCE'S OPINION, THERE WAS JUST NO ONE WITH TALENT TO REPLACE LEVI (PARTICULARLY NOW AND OVER NEXT FOUR YEARS BECAUSE OF LEVI'S CLOSE CONTACTS IN NEW U.S. ADMINISTRATION). WRIGHT

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